CARBINE RESOURCES LIMITED

ABN 81 122 976 818

2012 Financial Report

CONTENTS

CORPORATE DIRECTORY

Directors	Mr Peter Sheehan (Managing Director) Mr Evan Cranston (Non-Executive Director) Mr Grant Mooney (Non-Executive Director)
Company Secretary	Mr Grant Mooney
Principal & Registered Office	Suite 23, 513 Hay Street Subiaco WA 6008 Telephone: (08) 6142 0986 Facsimile: (08) 9388 8824 Email: admin@carbineresources.com.au
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Legal Advisers	Hardy Bowen Level 1, 28 Ord Street West Perth WA 6005 Telephone: (08) 9211 3600 Facsimile: (08) 9211 3690
ASX Code	CRB

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Carbine Resources Limited and the entity it controlled ("the Group") for the year ended 31 December 2012 and the Auditor's report thereon.

DIRECTORS

The name of Directors who held office during or since the end of the year and until the date of this report period is set out below. Directors were in office for the entire period unless otherwise stated.

Mr Evan Cranston	Non-Executive Director	
Dr Paul Kitto	Non-Executive Director	(Resigned 31 January 2013)
Ms Aoife McGrath	Executive Director - Exploration	(Resigned 18 January 2012)
Mr Grant Mooney	Non-Executive Director and Company Secretary	(Appointed 18 January 2012)
Mr Peter Sheehan	Managing Director	(Appointed 22 February 2012)

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was exploration for gold in the northwest of Burkina Faso (West Africa).

RESULTS

The loss for the financial year after income tax was $495,970 (31 December 2011 Loss: $7,011,738).

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid or declared.

FINANCIAL POSITION

The net assets of the Group as at 31 December 2012 are $6,456,001 compared to $6,887,641 as at 31 December 2011.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Ouahigouya Project, Burkina Faso

During the period, the Group continued its exploration programs with highlights as follows:

- Reverse circulation drilling of gold anomalism identified primary gold mineralisation extending over 600 metres strike at Goussirdou Prospect;
- Initial reconnaissance aircore drilling over the Foufaka Prospect identified multiple, large downhole gold mineralisation zones;
- Infill shallow aircore geochemistry conducted from southwest on Kandy Permit;
- Pit sampling and reconnaissance aircore drilling on Nimbo Prospect;
- Reverse circulation drilling at Nazala Prospect identified primary gold mineralisation extending over more than 1 kilometre strike; and
- Detailed mapping completed over 1,450km2 covering regolith, lithologies, structure, alteration and gold mineralisation to assist with targeting for future drill programs.

Red Dam Project, Western Australia

In August 2012, Carbine completed the sale of the Company's Red Dam Project for $1.94 million in cash and script to Phoenix Gold Limited (ASX Code: PXG). Details of the sale are as follows:

- $50,000 non-refundable cash deposit on signing formal agreement;
- $50,000 cash payable at settlement;
- 8 million fully paid ordinary PXG shares representing 7.2% of the issued capital of Phoenix Gold Ltd at a deemed price of $0.23 per PXG share; and,
- $10 per ounce gross production royalty.

Corporate

Mr Grant Mooney was appointed as Non-Executive Director of Carbine Resources Ltd on 18 January 2012 following the resignation of Aoife McGrath from her position as Exploration Director. Mr Peter Sheehan was appointed as Managing Director on 22 February 2012.

The Group held its annual general meeting on 31 May 2012. All resolutions were passed, including the adoption of the remuneration report; election of Peter Sheehan and Grant Mooney as directors, re-election of Paul Kitto, and the issue of options to Peter Sheehan, Evan Cranston; Paul Kitto and Grant Mooney.

Capital Raisings during the Year

No capital raising activities were conducted during the period.

Options

No options were exercised in Carbine Resources Limited during the year ended 31 December 2012.

The following options in Carbine Resources Ltd were issued to Directors during the year pursuant to the Group's employee option plan:

Date of Issue	Number of Options	Category of Options	Option Details
31 May 2012	2,000,000	Director options	Expiring 11 June 2015 with an exercise price of $0.075 each
31 May 2012	2,000,000	Director options	Expiring 11 June 2015 with an exercise price of $0.10 each
31 May 2012	1,000,000	Director options	Expiring 11 June 2015 with an exercise price of $0.115 each
31 May 2012	3,000,000	Director options	Expiring 11 June 2015 with an exercise price of $0.20 each

At the date of this report the Group has no listed options and 16,025,000 unlisted options over ordinary shares in Carbine Resources Limited as follows:

- 2,000,000 unlisted options at an exercise price of $0.30 with an expiry date of 24 August 2013;
- 2,000,000 unlisted options at an exercise price of $0.40 with an expiry date of 24 August 2013;
- 1,000,000 unlisted options at an exercise price of $0.30 with an expiry date of 27 August 2013;
- 1,000,000 unlisted options at an exercise price of $0.40 with an expiry date of 27 August 2013;
- 750,000 unlisted options at an exercise price of $0.40 with an expiry date of 13 September 2013;
- 850,000 unlisted options at an exercise price of $0.30 with an expiry date of 2 September 2013;

- 425,000 unlisted options at an exercise price of $0.38 with an expiry date of 1 April 2014;
- 2,000,000 unlisted options at an exercise price of $0.075 with an expiry date of 11 June 2015;
- 2,000,000 unlisted options at an exercise price of $0.10 with an expiry date of 11 June 2015;
- 1,000,000 unlisted options at an exercise price of $0.115 with an expiry date of 11 June 2015; and
- 3,000,000 unlisted options at an exercise price of $0.20 with an expiry date of 11 June 2015.

There are no rights to participate in share issues attached to these unlisted options unless exercised before the record date of any such issue.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 31 January 2013 the Group announced the resignation of Dr Paul Kitto as a non-executive director.

The remaining 4 million shares held in Phoenix Gold Limited were sold by the Group on 20 and 21 March 2013 to raise $1,017,120 (after fees).

There were no other events subsequent to the end of the financial period ended 31 December 2012 that would have material effect on these financial statements.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Disclosure of further information regarding likely developments in the operations of the Group in future financial periods and the expected results of those operations is likely to result in unreasonable prejudice of those operations, or the state of affairs of the Group in future financial periods.

INFORMATION ON DIRECTORS

Mr Peter Sheehan **Managing Director**

Mr Sheehan is a geologist with over 18 years' experience on three continents (Australia, Africa and America) in different facets of resources industry including; exploration management, evaluations/acquisitions, resource development, and open pit and underground mining.

Mr Sheehan holds a Bachelor of Science (Honours) from Monash University majoring in Geology as well as a Graduate Diploma in Applied Finance and Investment from Securities Institute of Australia.

Mr Sheehan has not held directorship in any listed companies during the past three financial years.

Mr Evan Cranston **Non-Executive Director**

Mr Cranston is a lawyer specialising in corporate and mining law. He has extensive experience in the areas of public listed entities including capital raisings, initial public offerings and liaison with market analysts and potential investors, together with Corporate Governance, the Australian Securities Exchange's Listing Rules and the Corporations Act. His experience in mining law extends to tenement acquisition agreements, mineral right agreements, joint ventures and mergers and acquisitions. He holds both a Bachelor of Commerce and Bachelor of Laws.

Mr Cranston is currently an executive director of ASX-Listed Attila Resources Limited and a non-executive director of ASX-Listed companies Boss Resources Limited and Cradle Resources Limited. Mr Cranston was previously Executive Director – Corporate of ASX-Listed Ampella Mining Limited to April 2012.

Mr Grant Mooney **Non-Executive Director and Company Secretary**

Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in corporate compliance administration to public companies. He has gained extensive experience in the areas of corporate and project management since commencing Mooney & Partners in 1999. His experience extends to advice on capital raisings, mergers and acquisitions and corporate governance. Mr Mooney is a member of the Institute of Chartered Accountants in Australia.

Currently, Mr Mooney serves as a Director and Company Secretary to several ASX listed companies across a variety of industries including technology and resources. He is a Director of ASX listed resource companies Barra Resources Limited, Phosphate Australia Limited, Wild Acre Metals Limited, joint Company Secretary of Talga Resources Limited and is Chairman of renewable energy company Carnegie Wave Energy Limited. Mr Mooney was previously a director of ASX-Listed Attila Resources Limited to October 2012.

DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year under review are:

	Board Meetings Eligible to Attend as a Director	Board Meetings Attended while in Office	Remuneration Committee Meetings Eligible to Attend as a Director	Remuneration Committee Meetings Attended while in Office
Evan Cranston	2	2	0	0
Paul Kitto (Resigned 31 Jan 2013)	2	2	0	0
Grant Mooney (Appointed 18 Jan 2012)	2	2	0	0
Aoife McGrath (Resigned 18 Jan 2012)	0	0	0	0
Peter Sheehan (Appointed 22 Feb 2012)	2	2	0	0

There have been other matters of Board business which have been resolved by circular resolutions of Directors, which are a record of decisions made at a number of informal meetings held to control, implement and monitor the Group's activities throughout the year.

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the Company shown in the Register of Directors' Shareholdings as at the date of this report is:

DIRECTOR	ORDINARY SHARES FULLY PAID		OPTIONS	
	Direct	Indirect	Direct	Indirect
Mr Evan Cranston	-	-	3,000,000	-
Mr Grant Mooney		*135,000	-	*1,750,000
Mr Peter Sheehan	-	-	5,000,000	-

*shares held by Mr Grant Mooney are held by Mooney & Partners Pty Ltd
**options held by Mr Grant Mooney are held by Ocean Flyers Pty Ltd (The S&G Mooney Super Fund A/C)

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and other key management personnel of Carbine Resources Limited. These remuneration disclosures have been audited. The Group has no key management personnel other than the Directors and Company Secretary of the Company.

Details of Key Management Personnel:

- Mr Evan Cranston – Non-Executive Director
- Dr Paul Kitto – Non-Executive Director (resigned 31 January 2013)
- Mr Grant Mooney – Non Executive Director and Company Secretary (appointed 18 January 2012)
- Ms Aoife McGrath – Executive Director – Exploration (resigned 18 January 2012)
- Mr Peter Sheehan – Managing Director (appointed 22 February 2012)

Compensation of Key Management Personnel

The Remuneration Committee comprised of Directors, Evan Cranston, Paul Kitto and Grant Mooney. The Committee assesses the appropriateness of the nature and amount of emoluments of such key management personnel on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of appropriately qualified Directors and Executives. The Committee reports to the Board of Directors on these findings and in turn makes recommendations in relation to remuneration standards. Presently there are no formalised arrangements which give rise to the payment of additional remuneration to Directors contingent on Group performance.

The Constitution and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The Group has not yet amended its total aggregate remuneration from that disclosed in its prospectus in February 2007 of $200,000. Given the size of the Group and its operations there is no relationship between remuneration and Group performance and shareholder wealth other than options issued as remuneration.

Non-Executive Directors' remuneration will be determined according to market practice for junior listed companies based on information obtained from industry analysts. Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. No additional fees are payable for chairing or participating in sub-committees of the Board. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration Committee. Executive Directors' fees and payments, other than Long term incentives subject to shareholder approval as detailed below, are documented in service agreements that are approved by the members of the Remuneration Committee before execution.

Long term incentives ('LTI')
The LTI are granted to reward the Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. The LTI are share based payments (i.e. options). Options over shares are granted to the Directors and certain employees at the discretion of the Board and no individual has a contractual right to participate or to receive any guaranteed benefits. The issue of options is not linked to performance conditions because by setting the option price at a level above current share price at the time the options are granted; provides incentive for management to improve the Company's performance.

2012	Short-Term Benefits	Post Employment Benefits	Share-Based Payment		
Name	**Cash Salary and Fees $**	**Super-annuation $**	**Shares / Options $**	**Total $**	**Remuneration consisting of Options %**
Non-Executive Directors					
Mr Evan Cranston	55,000	-	21,000	76,000	28%
Dr Paul Kitto	50,000	4,500	21,000	75,500	28%
Mr Grant Mooney (appointed 18 January 2012)	-	-	21,000	21,000	100%
Sub-total Non-Executive Directors	105,000	4,500	63,000	172,500	37%
Executive Directors					
Ms Aoife McGrath (resigned 18 January 2012)	40,854	-	-	40,854	0%
Mr Peter Sheehan (appointed 22 February 2012)	225,004	20,250	156,000	401,254	39%
Sub-total Executive Directors	265,858	20,250	156,000	442,108	35%
Other Key Management Personnel					
Mr Grant Mooney*	60,000	-	-	60,000	0%
Total	**430,858**	**24,750**	**219,000**	**674,608**	**32%**

*In respect of company secretarial fees paid to Mooney & Partners Pty Ltd

2011	Short-Term Benefits	Post Employment Benefits	Share-Based Payment		
Name	**Cash Salary and Fees $**	**Super-annuation $**	**Shares / Options $**	**Total $**	**Remuneration consisting of Options %**
Non-Executive Directors					
Mr Evan Cranston	96,868	-	-	96,868	0%
Dr Paul Kitto	88,870	7,998	-	96,868	0%
Mr Ron Sayers (resigned 31 May 2011)	-	-	-	-	0%
Sub-total Non-Executive Directors	185,738	7,998	-	193,736	0%
Executive Directors					
Ms Aoife McGrath (resigned 18 January 2012)	202,086	-	-	202,086	0%
Other Key Management Personnel					
Mr Grant Mooney*	60,000	-	-	60,000	0%
Total	**447,824**	**7,998**	**-**	**455,823**	**0%**

*In respect of company secretarial fees paid to Mooney & Partners Pty Ltd

Compensation Options

There were a total of 8,000,000 compensation options issues to Directors during the financial year ended 31 December 2012 as part of the Long Term Incentives as detailed above and as approved by shareholders at the Annual General Meeting held on 31 May 2012.

Service Agreements

The Group terminated a Service Agreement with Ms Aoife McGrath, Executive Director Exploration on her resignation on 18 January 2012. The agreement provided for an annual salary of $180,000, reviewed annually and increased to $230,000 effective 1 July 2011, and was for an indefinite period and was severable by either party provided that three months written notice was given.

The Group entered into a Service Agreement with Mr Peter Sheehan, Managing Director, on 20 February 2012. The agreement provides for an annual salary of $250,000, reviewed annually, for an indefinite period and severable by either party provided that three months written notice is given.

On appointment to the Board, all Non-Executive Directors enter into a letter agreement with the Group which summarises the Board policies and terms which mirror those set out within the Corporations Act 2001, including compensation, relevant to the office of Director.

No other remuneration arrangements were in place during the financial year ended 31 December 2012.

Share Based Payment Compensations

Details of options over ordinary shares in the company provided as remuneration to each Director of Carbine Resources Limited and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Carbine Resources Limited. All of these options were granted on 31 May 2012 with no vesting conditions and an expiry date of 11 June 2015. Further information on the options is set out in notes 16 and 17 to the financial statements.

Key Management Personnel	**Numbers of options granted during the year**	**Value of options at grant date ***	**Numbers of options vested during the year**	**% vested during the year**	**Numbers of options lapsed during the year**	**Value at lapse date ****	**Exercise Price**
Non-Executive Directors							
Mr Evan Cranston	1,000,000	21,000	1,000,000	100%	-	-	$0.20
Dr Paul Kitto	1,000,000	21,000	1,000,000	100%	-	-	$0.20
Mr Grant Mooney	1,000,000	21,000	1,000,000	100%	-	-	$0.20
Executive Directors							
Mr Peter Sheehan	2,000,000	68,000	2,000,000	100%	-	-	$0.075
	2,000,000	60,000	2,000,000	100%	-	-	$0.10
	1,000,000	28,000	1,000,000	100%	-	-	$0.115
	8,000,000	219,000	8,000,000	100%	-	-	

* The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration

** The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No options were exercised during the year that were previously granted as remuneration.

End of the Remuneration Report (Audited)

ENVIRONMENTAL REGULATIONS

In the course of its normal mining and exploration activities the Group adheres to environmental regulations imposed upon it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements up to the date of this report.

INSURANCE OF DIRECTORS AND OFFICERS

During the year, the Group has paid an insurance premium in respect of a contract indemnifying the Group's Directors and officers. The total premium paid was $13,083 (2011: $13,375).

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

OTHER INFORMATION

The registered office and principal place of business is Suite 23, 513 Hay Street Subiaco WA 6008.

NON ASSURANCE SERVICES

There were no non-assurance services provided by the Group’s auditors during the year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached to this full year financial statement.

Dated at Perth this 28th day of March, 2013

Signed in accordance with a resolution of the Directors

Mr Peter Sheehan
Managing Director

Competent Person's Statement

The information in this report that relates to exploration results is based on information compiled by Peter Sheehan who is a member of the Australian Institute of Mining & Metallurgy. Peter Sheehan is employed by Carbine Resources Ltd. Peter Sheehan has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". He consents to the inclusion of the matters based on information in the form and context in which it appears

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	CONSOLIDATED 2012 $	2011 $
Revenue from continuing operations	2(a)	241,492	470,256
Other income	2(b)	2,816,308	11,028
Exploration & evaluation costs	8	(2,385,310)	(6,062,007)
Impairment of receivable	5	(231,348)	(533,478)
Depreciation	2(c)	(130,733)	(117,747)
Share based payment expenses	17	(63,666)	(151,370)
Employee, director and consultant expenses	2(d)	(439,896)	(363,043)
General and administration expenses	2(e)	(302,817)	(265,377)
Loss before income tax expense		(495,970)	(7,011,738)
Income Tax Expense	3	-	-
Loss after income tax from continuing operations attributable to owners of Carbine Resources Limited		(495,970)	(7,011,738)
Loss attributable to owners of Carbine Resources Limited		(495,970)	(7,011,738)
Other comprehensive income/(loss)			
Exchange difference on translation of foreign operations		664	(30,678)
Total other comprehensive income/(loss)		(495,306)	(7,042,416)
Total comprehensive loss attributable to owners of Carbine Resources Limited		(495,306)	(7,042,416)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company		**Cents**	**Cents**
Basic loss per share	12	(0.35)	(5.88)
Diluted loss per share	12	N/A	N/A

This Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Notes	CONSOLIDATED 2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	4	4,920,642	7,447,790
Trade and other receivables	5	30,868	118,067
Financial assets	9a	1,260,000	-
Other current assets	6	26,240	38,223
TOTAL CURRENT ASSETS		6,237,750	7,604,080
NON-CURRENT ASSETS			
Plant and equipment	7	214,594	306,330
Exploration and evaluation expenditure	8	-	-
Financial assets	9b	50,000	50,000
TOTAL NON-CURRENT ASSETS		264,594	356,330
TOTAL ASSETS		6,502,344	7,960,410
CURRENT LIABILITIES			
Trade and other payables	10	35,637	1,069,467
Provisions		10,706	3,302
TOTAL CURRENT LIABILITIES		46,343	1,072,769
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		46,343	1,072,769
NET ASSETS		6,456,001	6,887,641
EQUITY			
Issued Capital	11	22,636,442	22,636,442
Reserves	20	2,508,827	2,444,497
Accumulated losses		(18,689,268)	(18,193,298)
TOTAL EQUITY		6,456,001	6,887,641

This Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

			CONSOLIDATED		
	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$		$
Balance at 1 January 2012	**22,636,442**	**(18,193,298)**	**2,277,680**	**166,817**	**6,887,641**
Total comprehensive loss for the year	-	(495,970)	-	-	(495,970)
Exchange difference on translation of foreign operations	-	-	-	664	664
Total comprehensive loss for the year	-	(495,970)	-	664	(495,306)
Share based payments	-	-	345,402	-	345,402
Cancelled options	-	-	(281,736)	-	(281,736)
Transactions with owners in their capacity as owners:					
Issue of shares	-	-	-	-	-
Transaction costs on issue of fully paid ordinary shares and options (net of tax)	-	-	-	-	-
	-	-	63,666	-	63,666
Balance at 31 December 2012	**22,636,442**	**(18,689,268)**	**2,341,346**	**167,481**	**6,456,001**

			CONSOLIDATED		
	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$		$
Balance at 1 January 2011	**17,448,904**	**(11,181,560)**	**2,126,310**	**197,495**	**8,591,149**
Total comprehensive loss for the year	-	(7,011,738)	-	-	(7,011,738)
Exchange difference on translation of foreign operations	-	-	-	(30,678)	(30,678)
Total comprehensive loss for the year	-	(7,011,738)	-	(30,678)	(7,042,416)
Share based payments	-	-	151,370	-	151,370
Transactions with owners in their capacity as owners:					
Issue of shares	5,426,159	-	-	-	5,426,159
Transaction costs on issue of fully paid ordinary shares and options (net of tax)	(238,621)	-	-	-	(238,621)
	5,187,538	-	-	-	5,187,538
Balance at 31 December 2011	**22,636,442**	**(18,193,298)**	**2,277,680**	**166,817**	**6,887,641**

This Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	CONSOLIDATED 2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(872,877)	(756,044)
Exploration expenditure, prospects, management fees		(3,350,269)	(5,800,394)
Increase in utility deposits		(1,398)	-
Decrease in utility deposit		243	-
Interest received		241,492	470,256
Net cash (outflow) from operating activities	18	(3,982,809)	(6,086,182)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(66,461)	(107,287)
Proceeds from disposal of plant and equipment		42,743	-
Proceeds from sale of tenements		96,025	-
Proceeds from sale of investments		1,382,892	-
Net cash inflow / (outflow) from investing activities		1,455,199	(107,287)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of capital raising costs		-	5,187,538
Net cash inflow from financing activities		-	5,187,538
Net (decrease)/increase in cash and cash equivalents held		(2,527,610)	(1,005,931)
Cash and cash equivalents at the beginning of the period		7,447,790	8,454,062
Differences in foreign exchange		462	(341)
Cash and cash equivalents at the end of the period	4	4,920,642	7,447,790

This Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

These financial statements are general-purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

Carbine Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements, comprising the financial statements and notes thereto also comply with International Financial Reporting Standards 'IFRS'. The presentation currency of the Group is Australian Dollars. Functional Currency is determined and discussed in the following accounting policy.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period unless otherwise stated.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs, with the exception of financial assets at fair value.

(a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions or deductibility imposed by the law.

(c) Mineral Exploration and Evaluation and Development Expenditure

The Group, when acquiring exploration and evaluation assets will carry those projects at acquisition value in the Statement of Financial Position, less any subsequent impairment.

All exploration and evaluation expenditure within an area of interest will be expensed until the Directors conclude that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and that future economic benefits are probable, further expenditure is capitalised as part of property, plant and equipment.

No amortisation is charged during the exploration and evaluation phase. Amortisation is charged on commencement of commercial production. Exploration and evaluation assets are tested for impairment annually or when there is an indication of impairment, until commercially viable material resources are established. Upon establishment of commercially viable mineral resources exploration and evaluation assets are tested for impairment when there is an indicator of impairment. Subsequently the assets are stated at cost less impairment provision.

(d) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciation amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Equipment	33%
Motor vehicle	33%
Plant and Equipment	20 - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying values of tangible assets and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Employee Benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(g) Financial Instruments

At present, the Group does not undertake any hedging or deal in derivative instruments.

Recognition

The group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

The Group recognises receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified based on the objective of the Group's business model for managing the financial assets and the characteristics of the contractual cash flows.

The Group derecognises a financial asset when the contractual cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows such that substantially all the risks and rewards of ownership of the financial asset are transferred.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are included in trade and other receivables (note 5) in the balance sheet.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Financial assets at fair value through profit or loss are measured initially at fair value which includes transaction costs directly attributable to the acquisition of the financial asset. They are measured subsequently at fair value with movements in fair value being recognised in profit or loss.

Profit or loss arising on the sale of equity investments is recognised in profit or loss unless the election has been made to recognise fair value movements in other comprehensive income, in which case the profit or loss on sale is also recognised in other comprehensive income.

Impairment
Impairment losses on financial assets at fair value through profit or loss are recognised in profit or loss.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets quoted in an active market with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principle payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instructions and option pricing models.

(h) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest methods, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance amount (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance amount. Subsequent recoveries of amounts previously written off are credited against other expenses in profit and loss.

(i) Revenue Recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Group has passed control of the goods or other assets to the buyer. Interest income is recognised using the effective interest rate method.

(j) Principles of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being Carbine Resources Limited ("Company" or "Parent Entity") and its subsidiary as defined in AASB 127: Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of the subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Acquisitions of entities are accounted for using the acquisition method of accounting.

In preparing the consolidated financial statements, all inter-Company balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions are eliminated in full.

Investments in subsidiaries are accounted for at cost in the financial report of Carbine Resources Limited.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Comprehensive Income and Statement of Financial Position respectively. Total comprehensive income is attributable to the owners of Carbine Resources Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Changes in ownership interest
The Group treats transactions with non-controlling interests that does not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Carbine Resources Limited.

(k) Foreign currency translation

Functional and presentation currency
The financial statements are presented in Australian dollars, which is Carbine Resources Limited's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;

- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to Shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(l) Earnings Per Share

Basic earnings per share
Basic earnings per share ("EPS") is calculated as net profit or loss attributable to ordinary shareholders of the Group divided by the weighted average number of shares outstanding during the period.

Diluted earnings per share
Diluted EPS earnings is calculated by adjusting the basic EPS earnings for the after tax effect of financing costs and the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, rather than including the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather than the total number of dilutive potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average price.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing operations, and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

(m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense.

(n) Share-Based Payment Transactions

The Group provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The plan currently in place to provide these benefits is the Employee Option Incentive Scheme (EOIS), which provides benefits to employees in the form of options to subscribe for shares subject to vesting periods.

The cost of these equity-settled transactions with Directors and employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest.

This opinion is formed based on the best available information at balance date. No expense is recognised for awards that do not ultimately vest. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Share based payment

The cost of share-based payments to employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Refer to Note 17 for further details.

Impairment of VAT receivable

As at 31 December 2012 the Group had VAT receivable in Burkina Faso of $764,826 (2011: $533,479). The VAT is recoverable against generation of revenue for which the Group would be required to remit VAT. The Group determined that at this stage of exploration it was not yet probable that it would generate this revenue and the whole of the VAT receivable has been treated as impaired. Refer to Note 5 for further details.

(q) Contributed Equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Group.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST and VAT except:

- when the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivable or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST and VAT components of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to, the taxation authority.

(s) New accounting standards and interpretations

The AASB has issued new, revised and amended standards and interpretations that are not mandatory for 31 December 2012 reporting periods. The group has decided against early adoption of these standards. A discussion of these future requirements and their impact on the Group is set out below.

Reference	Title	Nature of Change	Application date	Impact on financial statements
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 31 December 2015. The Group has not yet made an assessment of the impact of these amendments.

Reference	Title	Nature of Change	Application date	Impact on financial statements
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the Group's returns from investee. • Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	1 January 2013	When this standard is first adopted for the year ended 31 December 2013, there will be no impact on transactions and balances recognised in the financial statements because the Group does not have any special purpose entities. The Entity does not have 'defacto' control of any entities with less than 50% ownership interest in an entity.
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	1 January 2013	When this standard is first adopted for the year ended 31 December 2013, there will be no impact on transactions and balances recognised in the financial statements because the Group has not entered into any joint arrangements.
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.	1 January 2013	When this standard is adopted for the first time for the year ended 31 December 2013, additional disclosures will be required about fair values.

Reference	Title	Nature of Change	Application date	Impact on financial statements
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	1 January 2013	When this standard is first adopted for 31 December 2013 year end, annual leave liabilities will be recalculated on 1 January 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 January 2012, and a corresponding increase in retained earnings at that date
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the Corporation Act 2001.	1 January 2013	When this standard is first adopted for the year ended 31 December 2013 the Group will show reduced disclosures under Key Management Personnel note to the financial statements
Interpretation 20 (issued November 2011)	Stripping Costs in the Production Phase of a Surface Mine	Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met.	1 January 2013	The Group does not operate a surface mine. There will therefore be no impact on the financial statements when this interpretation is first adopted.
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32) e.g: AASB 116 clarifies that items such as spare parts, stand-by or service equipment are required to be classified as property, plant and equipment and not inventory.	1 January 2013	When this standard is first adopted for the year ended 31 December 2013, there will be no material impact.
IFRS (issued December 2011)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.
AASB 2012-9 (issued December 2012)	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	Deletes Australian Interpretation 1039 Substantive Enactment of Major Tax Bills In Australia from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the Corporations Act 2001 or other general purpose financial statements.	1 January 2013	There will be no impact on first-time adoption of this amendment as the Group does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament, which is consistent with the views expressed by the Australian Accounting Standards Board in their agenda decision of December 2012.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Carbine Resources Limited.

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

2. REVENUE, OTHER INCOME AND EXPENSES

	CONSOLIDATED 2012 $	2011 $
(a) Revenue from continuing operations		
Interest revenue	240,211	470,256
Other revenue	1,281	-
	241,492	470,256
(b) Other income		
Gain on sale of mineral exploration interests	1,936,025	-
Gain on disposal of plant and equipment	18,156	-
Foreign exchange gain	59,235	11,028
Increase in fair value of financial assets	802,892	-
	2,816,308	11,028
(c) Depreciation		
Plant and equipment	(130,733)	(117,747)
(d) Employee, director and consultant expenses		
Superannuation expenses	25,774	23,197
Other expenses	414,122	339,846
Total employee, director and consultant expenses	439,896	363,043
(e) General and administration expenses		
Operating lease - rental	36,000	36,000
Administration fees	68,750	-
Other expenses	198,067	206,180
Total general and administrative expenses	302,817	265,377

3. INCOME TAX EXPENSES

The components of income tax expense comprise:

	2012	2011
Current tax	-	-
Deferred tax	-	-
Income tax benefit reported in the Statement of Comprehensive Income	-	-

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:
- Prima facie tax payable on profit/(loss) before income tax at average rate of 10.3% (2011: 30%)

	2012	2011
Accounting Loss before income tax	(495,970)	(7,132,988)
Amount calculated on the domestic rates applicable to profits or losses in the countries concerned at the Group's weighted average statutory rate of 10.3%. (2011: 30%)	(51,037)	(2,139,896)
Temporary differences	47,726	-
Tax effect of expenses that are never deductible for tax purposes	16,456	-
Unrecognised DTA losses	(13,145)	2,139,896
Utilisation of carried forward tax losses	-	-
Income tax attributable to entity	-	-
The applicable weighted average effective rate are as follows:	0%	0%
Tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur	5,401,945	5,461,825

	CONSOLIDATED	
	2012	2011
	$	$
Deferred tax assets/ (losses)		
- temporary differences	(46,735)	-
- tax losses (operating losses)	5,448,680	5,461,825
- tax losses (capital losses)	-	-
	5,401,945	5,461,825

Deferred tax assets have not been recognised as it is not considered probable at this stage that they will be recovered.

The effective weighted average income tax rate for 2012 is only 10.3% because an income tax profit was realised in Australia while an income tax loss was realised in Burkina Faso. The effective income tax rates within Australia and Burkina Faso are 30% (2011: 30%) and 22.5% (2011: 22.5%) respectively. There are sufficient accumulated tax losses in Australia for this to not create an Australian income tax liability.

4. CASH AND CASH EQUIVALENTS

Cash at bank	4,917,538	7,446,972
Petty Cash	3,104	818
	4,920,642	7,447,790

The effective interest rate on short term bank deposits was 3.50% (2011: 5.91%)

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:

Cash at bank	4,917,538	7,446,972
Petty Cash	3,104	818
	4,920,642	7,447,790

The Group exposure to interest rate risk is discussed at Note 19. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and cash equivalent mentioned above.

5. TRADE AND OTHER RECEIVABLES

Net GST refundable	7,228	16,129
VAT receivable	764,826	533,478
Opening balance of impairment of VAT receivable	(533,478)	-
Increase in impairment of VAT receivable	(231,348)	(533,478)
Other receivable	23,640	101,938
	30,868	118,067

As at 31 December 2012 the Group had VAT receivable in Burkina Faso of $764,826 (2011: $533,478). The VAT is recoverable against generation of revenue for which the Group would be required to remit VAT. The Group determined that at this stage of exploration it was not yet probable that it would generate this revenue and the whole of the VAT receivable has been treated as impaired. The increase in the impairment of VAT receivable of $231,348 (2011: $533,478) has been recognised as an expense. No other receivables are past due nor impaired.

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the total mentioned above. Further details on the Group's management policy can be found at note 19.

6. OTHER CURRENT ASSETS

	CONSOLIDATED	
	2012	2011
	$	$
Prepayments	9,023	30,362
Other current asset	17,217	7,861
	26,240	38,223

7. PLANT AND EQUIPMENT

	CONSOLIDATED				
	Furniture & Equipment	Establishment expenses & deferred charges	Patent, licensing, software	Motor Vehicle	Total
	$	$	$	$	$
Year ended 31 December 2011					
Opening net book value	94,505	295	6,212	215,778	316,790
Additions	45,614	-	28,903	25,716	100,233
Foreign exchange	1,495	1	255	5,303	7,054
Depreciation charge for the year	(25,912)	(152)	(4,527)	(87,156)	(117,747)
Closing net book value	115,702	144	30,843	159,641	306,330
At 31 December 2011					
Cost or fair value	156,729	295	35,292	260,235	452,551
Accumulated depreciation and impairment	(41,027)	(151)	(4,449)	(100,594)	(146,221)
Net book value	115,702	144	30,843	159,641	306,330
Year ended 31 December 2012					
Opening net book value	115,702	144	30,843	159,641	306,330
Additions	14,691	-	-	51,770	66,461
Foreign Exchange	(704)	(4)	(361)	(1,656)	(2,725)
Depreciation charge for the year	(35,604)	(140)	(11,382)	(83,607)	(130,733)
Disposals	(152)	-	-	(24,587)	(24,739)
Closing net book value	93,933	-	19,100	101,561	214,594
At 31 December 2012					
Cost or fair value	159,039	143	35,198	256,252	450,632
Accumulated depreciation and impairment	(65,106)	(143)	(16,098)	(154,691)	(236,038)
Net book value	93,933	-	19,100	101,561	214,594

8. EXPLORATION AND EVALUATION EXPENDITURE

Exploration expenditure – costs carried forward in respect of areas of interest in:

	CONSOLIDATED	
	2012	**2011**
	$	**$**
Carrying amount at beginning of year	-	-
Carrying amount of sold mineral exploration interests	-	-
Carrying amount at the end of year	-	-
Exploration and evaluation phases	2,385,310	6,062,007
Exploration costs expensed	(2,385,310)	(6,062,007)
	-	-

9. FINANCIAL ASSETS

(a) Current Financial Assets At Fair Value Through Profit and Loss

8,000,000 Shares in Phoenix Gold Ltd (ASX Code: PXG) received in consideration for sale of mineral exploration interests at a price of $0.23 per share	1,840,000	-
Gain in value of 4,000,000 shares in PXG sold	462,892	-
Proceeds on sale of 4,000,000 shares in PXG sold	(1,382,892)	-
Gain in value of remaining 4,000,000 shares held at year end	340,000	-
Value of 4,000,000 PXG shares held at year end at quoted price on ASX	1,260,000	-
Total current financial assets at fair value	1,260,000	-

(b) Non- Current Financial Assets

Term deposit held as a security bond	50,000	50,000
Total non-current financial assets at fair value	50,000	50,000

All financial assets have been valued based on quoted (unadjusted) market values and are therefore Tier 1 measured financial assets. There have been no transfers to other measurement levels during the year and currently no other assets in any other categories.

The Group's exposure to credit and interest rate risks related to financial assets is disclosed in Note 19.

10. TRADE AND OTHER PAYABLE - CURRENT

Trade payables – unsecured	4,394	1,015,979
Other payables and accruals – unsecured	31,243	53,488
Total trade and other payables	35,637	1,069,467

Information about the Group exposure to foreign exchange risk is provided in Note 19.

11. ISSUED CAPITAL

	CONSOLIDATED			
	2012		2011	
	No. of Shares	$	No. of Shares	$
(a) Ordinary shares fully paid				
Balance at beginning of period	140,017,394	22,636,442	103,842,436	17,448,904
Issue of shares to directors in lieu of directors fees	-	-	-	-
Issue of shares from exercise of option	-	-	17,265,783	2,589,783
Issue of shares from underwriting of option	-	-	18,909,175	2,836,376
Costs of capital raising	-	-	-	(238,621)
Balance at end of period	140,017,394	22,636,442	140,017,394	22,636,442

Fully paid ordinary shares entitle the holder to participate in dividends and to one vote per share.

(b) Options

Options granted, exercised or forfeited during the period, and on issue at balance date are as follows.

	CONSOLIDATED	
Date and details of grant/exercise/forfeited	**No. of Options**	**Exercise Price**
Issued options opening balance	9,375,000	Various
Options granted in the period	8,000,000	Various
Options exercised	-	N/A
Options cancelled	(1,350,000)	Various
Balance at 31 December 2012	16,025,000	

12. EARNINGS PER SHARE

(a) Basic earnings per share

	CONSOLIDATED	
	2012 $	2011 $
Basic loss per share (cents per share)	(0.35)	(5.88)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	140,017,394	119,347,776
Net loss used in the calculation of basic earnings per share	(495,970)	(7,011,738)

(b) Diluted earnings per share

	CONSOLIDATED	
	2012	**2011**
	$	**$**
Diluted earnings/(loss) per share (cents per share)	N/A	N/A
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings per share	N/A	N/A
Net profit/(loss) used in the calculation of diluted earnings per share	N/A	N/A

Due to the Group being in loss position, it is considered counter dilutive and therefore earnings per share are not diluted.

13. AUDITORS' REMUNERATION

Remuneration of Auditor of the Company:		
Auditing or reviewing the group financial report BDO Audit (WA) Pty Ltd	30,383	41,650
Auditing or reviewing the subsidiary financial report ACECA International SARL	1,891	2,057
	32,274	43,707

14. SEGMENT REPORTING

The Board of Directors, which is the chief operating decision maker, has determined the operating segments based on geographical location. The Group has two reportable segments; namely, Western Australia and Burkina Faso (West Africa), which are the Group's strategic business units.

The Australian segment incorporates the Group's mineral exploration and evaluation in Australia along with head office and treasury functions, while the West African segment incorporates mineral exploration in Burkina Faso.

Transactions between the segments are recognised in the inter-entity loan account which is interest free, repayable on demand and denominated in Australian dollars. As the segment information is presented internally to the Board of Directors within consolidated financial reports, various inter-segment eliminations have been incorporated in this disclosure to be consistent with measures reported to the Board. Consequently there are no inter-segment reconciling items.

Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Statement of Comprehensive Income.

Segment revenue reconciles to total revenue from continuing operations as shown in the below table:

(ii) Accounting Profit or Loss

The Board of Directors assess the performance of the operating segments based on comparing exploration results against the working capital and other financial resources needed to achieve those results. Consequently, the relevant measure of profit or loss reported to the Board of Directors is the profit or loss calculated in accordance with current Australian accounting standards. The profit or loss calculated in accordance with current Australian accounting standards is the most appropriate measure as current Australian accounting standards fairly present relevant information. Interest income and expenditure of the parent entity are allocated to the Australian segment, and not left as a reconciling item, as interest revenue forms at least 25% of external revenue.

(iii) Segment assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

(iv) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment and the location of the legal entity that incurred any legal liability.

2012	**Australia**	**West Africa**	**Reconciling items**	**Total**
	$	**$**	**$**	**$**
Interest revenue	240,211	-	-	240,211
Other revenue	1,281	-		1,281
Total segment revenue	241,492	-	-	241,492
Inter-segment revenue	-	-	-	-
External revenue	241,492	-	-	241,492
Other income	2,735,449	80,860	-	2,816,309
Total expenses	(808,537)	(2,745,234)	-	(3,553,771)
Accounting profit / (loss)	2,168,404	(2,664,374)	-	(495,970)
Total expenses include				
Depreciation	(3,619)	(127,114)	-	(130,733)
Exploration and evaluation expenses	(43)	(2,385,354)		(2,385,311)
Share based payments	(63,666)	-	-	(63,666)
Total segment assets	6,247,520	254,824	-	6,502,344
Total segment liabilities	(40,802)	(5,541)	-	(46,343)
Segment net assets	6,206,718	249,283	-	6,456,001

2011	**Australia** $	**West Africa** $	**Reconciling items** $	**Total** $
Interest revenue	470,256	-	-	470,256
Other revenue	-	-	-	-
Total segment revenue	470,256	-	-	470,256
Inter-segment revenue	-	-	-	-
External revenue	470,256	-		470,256
Other income	3,739	7,289	-	11,028
Total expenses	(791,491)	(6,701,531)	-	(7,493,022)
Accounting profit / (loss)	(317,496)	(6,694,242)	-	(7,011,738)
Total expenses include				
Depreciation	(1,074)	(116,673)	-	(117,747)
Exploration and evaluation expenses	(10,627)	(6,584,858)	-	(6,595,485)
Share based payments	(151,370)	-	-	(151,370)
Total segment assets	7,552,753	407,657	-	7,960,410
Total segment liabilities	(185,712)	(887,057)	-	(1,072,769)
Segment net assets	7,367,041	479,400	-	6,887,641

15. RELATED PARTY TRANSACTIONS & BALANCES

Kingslane Pty Ltd and associated entities (Kingslane) is a substantial shareholder in the Company and held 11,228,749 ordinary shares in the Company at 31 December 2012. Entities controlled by Kingslane:

- received $36,000 during the year for office rent; and
- received $68,750 during the year for administrative services.

A company related to Mr Grant Mooney, Mooney & Partners Pty Ltd, received $60,000 during the year for company secretarial services.

Controlled Entity

	Country of Incorporation	**Percentage Owned (%)**	
Subsidiaries of Carbine Resources Limited:		**2012**	**2011**
Carbine Resources SARL	Burkina Faso	100	100

16. KEY MANAGEMENT PERSONNEL DISCLOSURE

The following people have been designated as Key Management personnel for the year:

- Ms Aoife McGrath (Executive Director - Exploration) (Resigned 18 January 2012)
- Mr Evan Cranston (Non-Executive Director)
- Dr Paul Kitto (Non-Executive Director) (Resigned 31 January 2013)
- Mr Grant Mooney (Non-Executive Director) (Appointed 18 January 2012)
- Mr Peter Sheehan (Managing Director) (Appointed 22 February 2012)

Remuneration by Category

Key Management Personnel

	2012 $	2011 $
Short-term	430,858	447,824
Post-employment	24,750	7,998
Share-based payment	219,000	-
	674,608	455,823

Option holdings of Key Management Personnel

2012

Key Management Personnel	Balance at 1-Jan-12	Granted as Remuneration	Options Exercised	Other Changes	Balance at 31-Dec-12	Total Vested 31-Dec-12	Total Exercisable 31-Dec-12
Evan Cranston	2,000,000	1,000,000	-	-	3,000,000	3,000,000	3,000,000
Paul Kitto*	2,000,000	1,000,000	-	-	3,000,000	3,000,000	3,000,000
Aoife McGrath**	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000
Grant Mooney***	750,000	1,000,000	-	-	1,750,000	1,750,000	1,750,000
Peter Sheehan****	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000
	6,750,000	8,000,000	-	-	14,750,000	14,750,000	14,750,000

2011

Key Management Personnel	Balance at 1-Jan-11	Granted as Remuneration	Options Exercised	Other Changes	Balance at 31-Dec-11	Total Vested 31-Dec-11	Total Exercisable 31-Dec-11
Evan Cranston	2,000,000	-	-	-	2,000,000	2,000,000	-
Paul Kitto	2,000,000	-	-	-	2,000,000	2,000,000	-
Aoife McGrath	2,000,000	-	-	-	2,000,000	2,000,000	-
Ron Sayers*****	-	-	-	-	-	-	-
	6,000,000	-	-	-	6,000,000	6,000,000	-

Shareholdings of Key Management Personnel

2012

Key Management Personnel	Balance at 1-Jan-12	Received as Remuneration	Options Exercised	Net Changes (other)	Balance at 31-Dec-12 or resignation
Mr Evan Cranston	-	-	-	-	-
Dr Paul Kitto*	3,200,000	-	-	-	3,200,000
Ms Aoife McGrath**	1,500,000	-	-	-	1,500,000
Mr Grant Mooney***	135,000	-	-	-	135,000
Mr Peter Sheehan****	-	-	-	-	-
	4,835,000	-	-	-	4,835,000

2011

Key Management Personnel	Balance at 1-Jan-11	Received as Remuneration	Options Exercised	Net Changes (other)	Balance at 31-Dec-11 or resignation
Mr Ron Sayers*****	3,000,000	-	-	-	3,000,000
Ms Aoife McGrath	1,500,000	-	-	-	1,500,000
Mr Evan Cranston	-	-	-	-	-
Dr Paul Kitto	2,200,000	-	1,000,000	-	3,200,000
	6,700,000	-	1,000,000	-	7,700,000

*Resigned 31 January 2013 **Resigned 18 January 2012
***Appointed 12 January 2012 ****Appointed 22 February 2012 *****Resigned 31 May 2011

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the period and no balance outstanding at year end.

Other transactions and balances with Key Management Personnel

There were no transactions with Key Management Personnel (other than those disclosed in Note 15).

A balance of $5,000 in respect of company secretarial fees to Mooney & Partners Pty Ltd for the month of December 2012 was outstanding as at 31 December 2012.

17. SHARED BASED PAYMENTS

(a) Employee Option Plan

The Employee Share Option Plan is used to reward the Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The issue of options is not linked to performance conditions because by setting the option price at a level above the current share price at the time the options are granted, provides incentive for management to improve the Company's performance.

The terms and conditions of each grant of Plan options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
25 Aug 2010	Vesting on issue	24-Aug-13	$0.30	0.236
25 Aug 2010	Vesting on issue	24-Aug-13	$0.40	0.222
28 Aug 2010	Vesting on issue	27-Aug-13	$0.30	0.237
28 Aug 2010	Vesting on issue	27-Aug-13	$0.40	0.223
3 Sept 2010	Vesting on issue	2-Sep-13	$0.30	0.237
14 Sept 2010	Vesting on issue	13-Sep-13	$0.40	0.224
7 Oct 2010	Vesting 12 months and 24 months from issue	6-Oct-13	$0.45	0.220
4 April 2011	Vesting 12 months and 24 months from issue	1-Apr-11	$0.38	0.242
4 April 2011	Vesting on issue	1-Apr-11	$0.38	0.242
24-Jun-11	Vesting 12 months and 24 months from issue	23-Jun-14	$0.16	0.099
31 May 2012	Vesting on issue	11 June 2015	$0.075	$0.034
31 May 2012	Vesting on issue	11 June 2015	$0.10	$0.030
31 May 2012	Vesting on issue	11 June 2015	$0.115	$0.028
31 May 2012	Vesting on issue	11 June 2015	$0.20	$0.21

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Value at grant date $	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity									
25-Aug-10	24-Aug-13	$0.30	2,000,000	-	472,914	-	-	2,000,000	2,000,000
25-Aug-10	24-Aug-13	$0.40	2,000,000	-	444,940	-	-	2,000,000	2,000,000
28-Aug-10	27-Aug-13	$0.30	1,000,000	-	236,662	-	-	1,000,000	1,000,000
28-Aug-10	27-Aug-13	$0.40	1,000,000	-	222,706	-	-	1,000,000	1,000,000
3-Sep-10	2-Sep-13	$0.30	950,000	-	225,216	-	100,000*	850,000	850,000
14-Sep-10	13-Sep-13	$0.40	750,000	-	168,023	-	-	750,000	750,000
7-Oct-10	6-Oct-13	$0.45	600,000	-	131,973	-	600,000*	-	-
4-Apr-11	1-Apr-14	$0.38	350,000	-	84,904	-	-	350,000	175,000
4-Apr-11	1-Apr-14	$0.38	500,000	-	121,291	-	500,000*	-	-
4-Apr-11	1-Apr-14	$0.38	75,000	-	18,194	-	-	75,000	37,500
4-Apr-11	1-Apr-14	$0.38	100,000	-	24,258	-	100,000*	-	-
24-Jun-11	23-Jun-14	$0.16	50,000	-	4,941	-	50,000*	-	-
31-May-12	11-Jun-15	$0.075	-	2,000,000	68,000	-	-	2,000,000	2,000,000
31-May-12	11-Jun-15	$0.10	-	2,000,000	60,000	-	-	2,000,000	2,000,000
31-May-12	11-Jun-15	$0.115	-	1,000,000	28,000	-	-	1,000,000	1,000,000
31-May-12	11-Jun-15	$0.20	-	3,000,000	63,000	-	-	3,000,000	3,000,000
			9,375,000	8,000,000	2,375,022	-	1,350,000*	16,025,000	15,812,500
Weighted average exercise price			0.36	0.13		-	0.40	0.24	0.24

*These options were forfeited during the year due to cessation of employment in accordance with the Employee Share Option Plan.

No options expired during the period covered by the above tables.

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.56 years (2011: 3 years).

The assessed fair value at grant date of options granted on 4 April 2011 was 24.2 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model. The volatility rate was 95% and the risk free interest rate was 4.65%. The share price at grant date was 38.0 cents per share. The options had a total value of $248,647.

The assessed fair value at grant date of options granted on 24 June 2011 was 9.9 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model. The volatility rate was 95% and the risk free interest rate was 4.65%. The share price at grant date was 16.0 cents per share. The options had a total value of $4,941.

The assessed fair values at grant date of options granted on 31 May 2012 was as detailed above. The fair values at grant date were independently determined using a Black-Scholes option pricing model. The volatility rate was 95% and the risk free interest rate was 2.14%. The share price at grant date was 6.0 cents per share. The options had a total value of $219,000.

The total value of options granted and vesting immediately during the year ended 31 December 2012 was $219,000. In addition, an amount of $126,402 was expensed over the vesting period for options granted in prior year. The net amount expensed to the Statement of Comprehensive Income is $63,666 after a reversal of ($281,736) of expense due to options being forfeited before vesting as a result of cessations of employment of option holders. This amount had been expensed in the Statement of Comprehensive Income during the year (2011: $151,370).

(b) Employee Shares Plan

There were no shares issued to the Directors during the 2012 financial year as part of an employee share scheme (2011: nil).

18. RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH LOSS AFTER INCOME TAX

	CONSOLIDATED	
	2012	**2011**
	$	**$**
(Profit)/loss after income tax	495,970	7,011,738
Add:		
- Depreciation	(130,733)	(117,747)
- Share based payments	(63,666)	(151,370)
- Profits on sale of assets	2,757,073	-
Changes in assets and liabilities during the year:		
Increase/(decrease) in prepayments	(11,983)	18,012
Increase/(decrease) in receivables	(87,199)	(14,112)
(Increase)/decrease in payables and provisions	1,026,426	(690,676)
Foreign exchange differences	(3,079)	30,337
Net cash used in operations	3,982,809	6,086,182

19. FINANCIAL INSTRUMENTS

Financial Risk Management

The Group's principal financial instruments comprise cash, short-term deposits and shares in a listed entity.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and equity market risk. The Board of Directors reviews and agrees policies for managing each of these risks as summarised below.

Financial Risk

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, foreign exchange risk and credit risk.

	CONSOLIDATED	
	2012	**2011**
	$	**$**
Cash at bank	4,920,642	7,447,790

Financial Asset

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity market risk.

Cash and cash equivalents	4,920,642	7,447,790
Other Current Financial Assets		
Trade and other receivables	30,868	118,067
Financial assets at fair value	1,260,000	-
	1,290,868	118,067
Non-Current Financial Assets		
Financial assets at fair value	50,000	50,000
	50,000	50,000
Financial Liabilities		
Trade and other payables	35,637	1,064,925
	35,637	1,064,925

Liquidity Risk and Liquidity Risk Management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund raising initiatives.

The Group does not have major funding in place. However, the Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The Group has access to bank overdraft facility totalling $50,000. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Credit Risk

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

Banks and Financial Institutions are chosen only if they are independently rated parties with a minimum rating of ‘A’.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics, except that as at 31 December 2012 the Group had VAT receivable in Burkina Faso of $764,826 (2011: $533,479). The VAT is recoverable against generation of revenue for which the Group would be required to remit VAT. The Group determined that at this stage of exploration it was not yet probable that it would generate this revenue and the whole of the VAT receivable has been treated as impaired.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entity’s maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. The Group’s exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2012	Weighted Average Interest Rate %	Floating Interest Rate $	Fixed Interest Maturing in 1 Year or Less $	Non-Interest Bearing $	Total $
Financial Asset					
Cash and cash equivalents	3.48	4,900,216	-	20,426	4,920,642
Receivables	-	-	-	30,868	30,868
Current financial assets at fair value	-	-	-	1,260,000	1,260,000
Non current financial assets at fair value	4.55	-	50,000	-	50,000
Financial Liabilities					
Payables	-	-	-	(35,637)	(35,637)
Net Financial Assets	3.49	4,900,216	50,000	1,275,657	6,225,873

2011	Weighted Average Interest Rate %	Floating Interest Rate $	Fixed Interest Maturing in 1 Year or Less $	Non-Interest Bearing $	Total $
Financial Asset					
Cash and cash equivalents	5.92	7,447,790	-	-	7,447,790
Receivables	-	-	-	118,067	118,067
Non-current financial assets at fair value	4.55		50,000		50,000
Financial Liabilities					
Payables	-	-	-	(1,069,467)	(1,069,467)
Net Financial Assets	5.91	7,447,790	50,000	(951,400)	6,546,390

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk:

2012	Carrying Amount	-1% Profit	-1% Equity	1% Profit	1% Equity
	$	$	$	$	$
Cash and cash equivalents	4,920,642	(49,206)	(49,206)	49,206	49,206
Trade receivables	30,868				
Current financial assets at fair value	1,260,000				
Non-current financial assets at fair value	50,000				
Trade payables	(35,637)				
Total increase/(decrease)	6,225,873	(49,206)	(49,206)	49,206	49,206

2011	Carrying Amount	-1% Profit	-1% Equity	1% Profit	1% Equity
	$	$	$	$	$
Cash and cash equivalents	7,447,790	(74,478)	(74,478)	74,478	74,478
Trade receivables	118,067	-	-	-	-
Trade payables	(1,069,467)	-	-	-	-
Total increase/(decrease)	6,496,390	(74,478)	(74,478)	74,478	74,478

Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the balance sheet at fair value through profit or loss. The equity investment consists of publicly traded shares in ASX listed Phoenix Gold Ltd (PXG). At 31 December 2012, 4,000,000 shares in PXG were held with the last sale on the ASX to 31 December 2012 at a share price of $0.315 per share. There were no equity securities held at 31 December 2011.

The Group is not exposed to commodity price risk.

The below table summarises the impact of increases/decreases in the share price of PXG on the Group's loss for the period and on equity. The analysis is based on the assumption that the share price of PXG had increased or decreased by 10%, with all other variables held constant.

2012		**-10%**		**10%**	
	Carrying Amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Current Financial Assets At Fair Value Through Profit and Loss	1,260,000	(126,000)	(126,000)	126,000	126,000
Total increase/(decrease)	1,260,000	(126,000)	(126,000)	126,000	126,000

Fair value of financial instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Consolidated - 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Assets				
Ordinary shares	1,260,000	-	-	1,260,000
Total assets	1,260,000	-	-	1,260,000

There were no transfers between levels during the financial year.

Fair Value Estimation

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Unrecognised Financial Instruments

The Group does not have any unrecognised financial instruments.

Foreign exchange risk

Although the Group operates internationally, all material financial assets are denominated in the respective entity's functional currency. The functional currency of Carbine Resources SARL is West African CFA Francs (CFA). Therefore the Group's exposure to foreign exchange risk arising from currency exposures is limited to the transfer of funding from the Australian head office to some of its overseas operations and exposure to the currency fluctuations of funds held in a United States Dollar (USD) account and a CFA account. There were minimal foreign currency balances held at year end, in comparison with balances held during the year, due to the timing of exploration programs.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian Dollar, was as follows:

	31 December 2012		31 December 2011	
	USD $	CFA $	USD $	CFA $
Cash and cash equivalents	-	24,391	-	4,541
Trade receivables	-	12,961	-	101,938
Trade payables	-	(5,541)	-	(887,057)
Total	-	31,811	-	(780,578)

Had the Australian dollar weakened/strengthened by 10% against the CFA with all other variables held constant, the Group's post-tax profit and equity would have been $3,181 higher or lower.

Capital Management Risk

Capital is defined as the wealth owned or employed in the Group. The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits of other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares and sell its financial assets held at fair value.

20. RESERVES

(a) Share-Based Payment Reserve

This reserve is used to record the value of options and shares provided as payment to services received.

	CONSOLIDATED	
	2012	**2011**
	$	**$**
Movements		
Opening balance	2,277,680	2,126,310
Reversal of options cancelled before vesting	(281,736)	-
Amount expensed over vesting period for options granted in prior year	126,402	-
Shares issued to Directors and Employees	219,000	151,370
Closing balance	2,341,346	2,277,680

(b) Foreign Currency Translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income in note 1 and accumulated in a separate reserve within equity; the cumulative amount is reclassified to profit or loss when net investment is disposed of.

Movements		
Opening balance	166,817	197,495
Foreign currency translation	664	(30,678)
Closing balance	167,481	166,817

21. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

Non-Cancellable operating leases contracted for but not capitalised in the financial statements:

Operating Lease Commitments		
Office premises due within 1 year	18,000	13,543
Office premises due greater than 1 year and less than 5	-	1,440
Total	18,000	14,983

The administrative services agreement contracted for but not capitalised in the financial statements:

Administrative services Commitments		
Office premises due within 1 year	75,000	-
Office premises due greater than 1 year and less than 5	-	-
Total	75,000	-

The Group leases various offices under operating leases expiring within one or two years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Exploration Commitments

Exploration commitments contracted for under Joint Venture Agreement with Ampella Mining Limited but not capitalised in the financial statements:

	CONSOLIDATED	
	2012	**2011**
	$	**$**
Exploration Commitments		
Due within 1 year	-	1,070,591
Due greater than 1 year and less than 5	-	4,750,000
Total	-	5,820,591

The outstanding exploration commitment has been extinguished as the minimum expenditure commitment over the life of the tenements has already been exceeded.

22. SUBSEQUENT EVENTS

On 31 January 2012 the Group announced the resignation of Dr Paul Kitto as a non-executive director.

The remaining 4 million shares held in Phoenix Gold Limited were sold by the Group on 20 and 21 March 2013 to raise $1,017,120 (after fees).

There were no other events subsequent to the end of the financial period ended 31 December 2012 that would have material effect on these financial statements.

23. PARENT ENTITY INFORMATION

The following detailed information is related to the parent entity, Carbine Resources Limited at 31 December 2012. The information presented here has been prepared using consistent accounting policies as discussed in Note 1.

	PARENT	
	2012	**2011**
	$	**$**
Current assets	6,191,374	7,486,230
Non-current assets	56,146	61,981
Total assets	**6,247,520**	**7,548,211**
Current liabilities	40,801	181,170
Non-current liabilities	-	-
Total liabilities	**40,801**	**181,170**
Contributed equity	22,636,442	22,636,442
Accumulated losses	(18,771,069)	(17,547,081)
Share Based Payment Reserve	2,341,346	2,277,680
Total equity	**6,206,719**	**7,367,041**
Loss for the year	(1,223,987)	(6,423,030)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(1,223,987)**	**(6,423,030)**

Guarantees

There are no guarantees entered into by the parent entity in the financial year ended 31 December 2012 in relation to the debt of a subsidiary.

Contingent liabilities

There are no contingent liabilities of the Company or the Group.

Contractual commitments

At 31 December 2012, Carbine Resources Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2011: nil).

DIRECTOR'S DECLARATION

The Directors of Carbine Resources Ltd declare that:

1. The financial statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the accompanying notes, are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standards and the Corporations Regulations 2001; and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the Group.

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

3. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A.

Signed in accordance with a resolution of the Directors:

Mr Peter Sheehan
Managing Director

Dated at Perth this 28th day of March, 2013

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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

28 March 2013

The Directors
Carbine Resources Limited
Suite 23, 513 Hay Street
SUBIACO WA 6008

Dear Sirs,

DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF CARBINE RESOURCES LIMITED

As lead auditor of Carbine Resources Limited for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Carbine Resources Limited and the entity it controlled during the period.

WAYNE BASFORD
Director

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Perth, Western Australia

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Australia

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARBINE RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Carbine Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Carbine Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Carbine Resources Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial positions as at 31 December 2012 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Carbine Resources Limited for the year ended 31 December 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Wayne Basford
Director

Perth, Western Australia
Dated this 28th day of March 2013